

# INFORMATION LETTER

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For Members  
Only

## NATIONAL CANNERS ASSOCIATION

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### WHOLESALE-RETAIL FRUIT FORMULA

#### Increased Ceilings Will Pass Along Higher Labor, Raw Products Costs of Canner

Price Administrator Leon Henderson on July 29 announced the basic formula by which the Office of Price Administration shortly will increase wholesalers' and retailers' ceilings on prices of canned fruits and berries by 15 to 25 per cent.

As indicated previously by OPA, this increase will pass on to the ultimate consumer only increased raw material and labor costs over the expense of packing these products in 1941.

Formal announcement of the canner formula, providing relief to processors, which may result in a 15 to 25 per cent price advance at that level of distribution, was made in Maximum Price Regulation No. 185 (Canned Fruits and Canned Berries) on July 24, and was published in last week's INFORMATION LETTER.

Prices for canned fruits and berries at both wholesale and retail levels still are controlled by the General Maximum Price Regulation and will remain so until issuance of the new regulation. It is expected that a new amendment to the fruit canner regulation No. 185 and a new regulation covering canned fruit operations at wholesale and retail will be issued before there is any heavy movement of the 1942 pack from canners' hands. Both of these orders are expected to be issued by OPA within the next week, the OPA press release stated.

The outstanding feature in OPA technic adopted in the new regulation is that the retailer uses March, 1942, as his base period; the wholesaler is rolled back to February; and the canner is rolled back to the period immediately following the beginning of his 1941 pack. In all three instances, the same dollar and cent increase may be added to the prices during base periods.

The framework of the forthcoming new canned fruit amendment (No. 1) and new regulation, necessary for pricing at wholesale and retail, in substance is as follows:

(1) Amendment No. 1 to the canner's regulation will require the canner to advise his purchasers of the amount of the difference between his weighted average price in the 1941 base period and his maximum price computed under the canner's regulation. This difference is to be designated as the "permitted increase". The amendment also will provide methods for determining the canner's weighted average price when he did not compute his maximum under the formula but, for example, by the price of a competitor or by differentials or by specific OPA authorization. These methods will be provided so that his "permitted increase" may be determined.

(2) The new wholesale and retail regulation will direct the wholesaler to compute his maximum price for the month of February, 1942, instead of March by the same methods

outlined in GMPR for computing March maximums. The wholesaler uses that February price as a base figure. To that figure, the wholesaler may add the amount of the "permitted increase" as supplied to him by the canner. The result is the wholesaler's maximum price under the new regulation. This price is to be computed by the wholesaler for each kind, grade, brand and container size.

One limitation is placed on the wholesaler in computing his maximum price. The wholesaler may not compute his maximum for any kind and grade until he has purchased or contracted to purchase at least 10 per cent of the quantity of that kind and grade which he purchased from the 1941 pack. When he does compute his maximum price, if the wholesaler has purchased the same kind, grade, and container size from two or more canners, he adds to his base price the permitted increase reported by the canner from whom he purchased the largest amount of such item. When the wholesaler sells or quotes prices to a retailer, he must advise him of the amount of the permitted increase. This is the same figure supplied to him by the canner.

(3) The retailer must use as his base prices his March maximum computed under GMPR. To secure his maximum price, the retailer adds to that base price figure for each can or container, one-twelfth of the "permitted increase."

(Continued on page 7154)

### PREFERENCE ORDER P-115 AMENDED

#### Dehydrators, Freezers, and Fresh Packers Are Assigned Same Ratings as Canners

Persons engaged in the freezing, dehydration or fresh packing of fruits and vegetables are assigned the same preference ratings as canners for material and machinery needed for repair, maintenance and expansions of their plants, in an amendment to Preference Rating Order P-115 issued July 29. This amendment is not to be confused with the AA-3 priority rating assigned to delivery of certain materials for the expansion of dehydration production facilities, which is covered in another news item in this issue of the LETTER.

The ratings assigned under Order P-115 are A-1-a for emergency maintenance or repair; A-1-c for replacement, addition or expansion; A-1-j for normal maintenance, repair and operation, all subject to specific limitations.

The amended order excludes planting, harvesting and transportation equipment from the terms of the order. This was intended by the original order but was not stated specifically. Such equipment is handled in a separate agricultural equipment order.

The amended order also permits producers on the Hawaiian Islands to obtain material now for their 1943 operations. Producers in this country may not obtain such material beyond their 1942 needs. The reason for the distinctions is that the producers on the Hawaiian Islands have

earlier canning seasons, and in view of the shipping situation it is necessary for them to place orders now.

Text of Preference Rating Order P-115, as amended July 29, is as follows:

#### § 1085.1 Preference Rating Order P-115

(a) *Definitions.* For the purposes of this order:

(1) "Producer" means any person located in the United States, its territories and possessions, engaged in the business of canning or otherwise processing fruits and vegetables, or any person, located in the Dominion of Canada, to whom and in whose name a copy of this order is specifically issued.

(2) "Canning" means the preparation of fruits and vegetables for market by packing such fruits and vegetables (either alone or in combination with other commodities) in hermetically sealed containers and sterilizing by the use of heat and includes all operations required for or usually incidental to such preparation.

(3) "Processing" means the preparation of fruits or vegetables for market otherwise than by canning, including freezing, dehydration, and fresh packing.

(4) "Material" means any commodity, equipment, accessory, part, assembly, or product of any kind, used in the canning or processing of fruits and vegetables, but does not include any planting or harvesting equipment or equipment used in the transportation of food products.

(5) "Maintenance" means minimum upkeep necessary to enable the producer's existing plant and equipment to be used at its maximum rate of operation permissible under Conservation Order M-81 (To Conserve the Supply and Direct the Distribution of Tin Plate and Terne Plate) and other like orders.

(6) "Repair" means restoration of a producer's machinery, plant or equipment to sound working condition after physical depreciation, wear and tear, damage, destruction of parts or the like have impaired its fitness for service but not to an extent involving major reconstruction.

(7) "Material required for operation" means operating supplies not to be physically incorporated in the finished product, nor used as packaging or fuel.

(8) "Replacement" means substitution of new machinery, plant or equipment for existing machinery, plant or equipment, when not constituting repair.

(9) "Addition and expansion" means introduction of additional plant or equipment, other than replacements, to increase the productive capacity of a producer's existing plant or equipment, without enlarging existing building space.

(10) "Supplier" means any person with whom a contract or purchase order has been placed for delivery of material to a producer or to another supplier.

(b) *Assignment of preference ratings.*

Preference ratings are hereby assigned, subject to the restrictions and conditions of paragraphs (c) and (d) hereof:

(1) A-1-a to deliveries, to a producer, of material directly required for emergency maintenance or repair, to avert spoilage of fruit or vegetables because of an actual breakdown or suspension of a producer's operations.

(2) A-1-j to deliveries, to a producer, of material required for repair, maintenance, or operation, or which will be physically incorporated into material which will be delivered for such use.

(3) A-1-c to deliveries to a producer of material required for replacement, addition or expansion, or which will be

physically incorporated into material which will be delivered for such use, excluding, however, any deliveries:

(i) For the construction of new buildings, or the establishment of new plants,

(ii) For the establishment of new production lines, except for the canning of peas and tomatoes, or

(iii) For any other purpose that, in the opinion of the Director General for Operations at the time application is made, as provided in paragraph (d) (3) below, is not in the public interest, does not promote the national defense, or is in conflict with the policy of Conservation Order M-81.

(c) *Restrictions on application of ratings by producer.*

(1) Every contract and purchase order for material to which a preference rating is to be applied hereunder, must specify the date or dates by which delivery is required, and except as hereinafter noted the preference rating may be applied only to such material, or portion thereof, which under the contract or purchase order, is to be delivered to the producer for his operations during the calendar year 1942. The producer may apply the ratings only to those quantities and kinds of materials essential to enable him to maintain his canning or processing schedules for the calendar year 1942, except as hereinafter noted in this section. Any producer may apply a rating hereunder to obtain material necessary to maintain canning schedules during the calendar year 1943 in plants located in the Hawaiian Islands.

(2) The producer shall not apply any preference rating assigned by (b) (1) above to deliveries of material to replace other material withdrawn from his inventory or stores for maintenance, repair or operation.

(3) The producer shall not apply any preference rating assigned by (b) (2) above if, in view of the current rate of consumption of his inventory or stores for repair and maintenance or operation, the delivery of the material to be rated would increase such inventory or stores above the minimum permitted or provided in paragraph (e) below.

(4) The producer shall not apply any preference rating hereunder unless the material to be delivered cannot be secured when required without such rating.

(d) *Application of preference rating.*

(1) A producer or any supplier, in order to apply or extend the preference ratings assigned hereunder shall comply with Priorities Regulation No. 3, as it may be amended from time to time.

(2) If preference rating A-1-a is applied, the producer must, immediately upon placing his order for such material, telegraph to the War Production Board the following with respect to such order:

(i) The name and address of the supplier;

(ii) The reasons why such order required assignment of preference rating as emergency maintenance or repair;

(iii) A specific description of the material included in the order, and

(iv) The invoice cost of each item of such material.

(3) If the material is required for replacement, expansion or addition, the producer shall not apply preference rating A-1-c, unless he shall have communicated with the War Production Board, describing the material needed and the nature of the proposed replacement, expansion or addition, and shall have received from the Director General for Operations a specific authorization to apply such rating, notwithstanding the fact that he may have previously been

authorized to apply a rating of A-3. Such application for authorization may be made by a written statement on Form PD-285 or, in any emergency, by telegram giving substantially the information called for by said Form PD-285.

(e) *Inventory provisions.*

A producer shall not accept deliveries (whether rated hereunder or not) of material for repair and maintenance or operation which will increase the inventory or stores available to the producer for such purposes to an amount greater than the minimum necessary for repair and maintenance and to sustain the current level of operations of the producer, and the ratio of such inventory and stores to current operations shall in no event exceed the ratio of average inventory to average operation for the years 1938, 1939, and 1940.

## PRIORITY FOR DEHYDRATION EQUIPMENT

### AA-3 Ratings Assigned to Delivery of Materials For Expansion of Facilities

In order to increase the production of dehydrated foods for the armed services and Lend-lease, the Requirements Committee of the War Production Board upon recommendation of the Foods Requirements Committee has determined that a high priority rating (AA-3) may be assigned to the delivery of a considerable quantity of material and equipment to be used during the last half of the year to expand dehydration production facilities. As reported in last week's INFORMATION LETTER, applications will be made on a PD-200 form.

As a result of this action, the following quantities of critical metals are set aside for dehydration equipment: 5,229 tons of iron and steel, 271 tons of copper, 28 tons of zinc, 7.4 tons of tin, 8.5 tons of nickel, 10.8 tons of lead, and 3.5 tons of aluminum.

In addition, 1,286 electric motors of various capacities—ranging from less than three horsepower to more than 25 h.p.—may be acquired for the operation of the dehydration equipment to be produced from the metal.

The additional equipment will result in the production of the following additional dehydrated food products during the year beginning July 1, 1942:

84,293,000 pounds of spray process milk  
110,242,000 pounds of eggs  
66,189,000 pounds of vegetables  
60,000,000 pounds of meat

Dehydrated milk, eggs, and vegetables already are being reduced, and the above quantities represent increased production to be made possible as a result of the Requirements Committee action. The dehydrated meat provided for represents new capacity.

As far as possible the material and equipment to be produced from the metals set aside by the Requirements Committee for dehydration will be installed in existing plants, so that a minimum of the material will be needed for buildings or facilities other than the dehydration machinery itself.

For example, the equipment to be made available for dehydrating vegetables will be installed in existing canning plants wherever possible, so that the present facilities used to prepare vegetables for canning, such as equipment for washing, peeling, and blanching vegetables, may be used

for the vegetables to be dehydrated. The additional dehydrated milk production will be made possible by converting existing evaporating equipment into dehydrating equipment. The production of dehydrated eggs will be increased by installing additional dryers in present egg drying plants. Even in the case of dehydrated meat, which will start from scratch, the new equipment will be installed primarily in meat plants so that the existing equipment for slaughtering and cutting up will be available for the meat to be dehydrated.

### Nelson Calls Priority Conference in New York

A two-day training conference to ensure uniformity in the understanding and compliance with the classification system for tracing the end-use of essential materials for allocation purposes has been called by War Production Board Chairman Donald M. Nelson, for August 11-12, at Hotel Pennsylvania, New York. This is the priority requirement calling for the use of purchasers symbols, and Mr. Nelson states in his announcement of the conference that "it is essential, if we are to accomplish our aims, that this regulation apply to all business except retailers and that they comply with this order without delay." Invitation to attend has been extended to trade associations.

### New Program for Production of Seafoods

Secretary of the Interior Harold L. Ickes, recently named Fishery Coordinator by President Roosevelt, has announced that immediate steps will be taken to carry out the program for development and maintenance of sustained production of aquatic food supplies essential to the conduct of the war.

As a preliminary step in the organization of the Office of Fishery Coordination, letters have been transmitted to all Federal agencies affected by the President's order, requesting the designation of a liaison officer to participate in the program.

The Office of Fishery Coordination is authorized to maintain close liaison with appropriate Federal, interstate, and local agencies, and with fishery and allied industries, in the assembling of information relative to the conservation, production, processing, packing, transportation, marketing, and consumption of fish and other fishery products. Information relative to the construction, procurement, conversion, substitution, replacement and repair of fishery industry facilities, also will be assembled.

Maintaining an overall supervision over the aquatic food supply, Fishery Coordinator Ickes also is empowered by the President's order to make specific recommendations to Federal and other governmental agencies and the affected industries to insure maximum coordination of effort in the utilization of their services and facilities and to deal with problems involving supply, allocation, and procurement of equipment required by the fishery industry.

The appointment of Dr. Ira N. Gabrielson, Director of the Fish and Wildlife Service, Department of the Interior, to be Deputy Fishery Coordinator, was announced July 28 by Secretary of the Interior Harold L. Ickes. Selection of Dr. Gabrielson was made in accordance with the executive order of President Roosevelt designating Secretary Ickes as Fishery Coordinator, and authorizing the appointment of a Deputy Coordinator.

## SUGAR CERTIFICATE REQUIREMENT EASED

### Canners With Government Contracts May Obtain Them in Advance of Delivery

Food and beverage manufacturers who have contracts with or orders from the Army, Navy, Maritime Commission, Panama Canal, Coast and Geodetic Survey, Coast Guard, Civilian Aeronautics Authority, National Advisory Commission for Aeronautics, and Office of Scientific Research and Development, may now obtain Sugar Purchase Certificates in advance of delivery of their products to those agencies, the Office of Price Administration announced July 27.

Heretofore a manufacturer was required to wait until he had made such deliveries before a local War Price and Rationing Board could issue him a certificate under the provision which permits a manufacturer to obtain sugar to replace that which was used in products manufactured for delivery to certain government agencies.

The OPA authorized State OPA directors to act on applications now in their hands and to empower local boards to replace certificates on all future applications.

In filling out his application, a manufacturer must specify the name of the agency to which his products will be delivered; the date the award was made and the required time and place of delivery; the contract or purchase order number; a description of the product and the quantity to be delivered, and the amount of sugar required for the production of each unit of the product.

The manufacturer must also attach to his application a signed statement to the effect that the sugar will be used for the specific purpose for which a certificate is issued and agree to supply as soon as possible such evidence of delivery as the board may require.

If the amount of sugar used is less than that obtained on this basis, the manufacturer will have the surplus amount deducted from his next regular allotment.

### Allocation of Raw Cane Sugar Supply

The entire year's allocation to American refiners of raw cane sugar, both imported and domestic, is provided for in an Amendment of Supplementary Order M-98-a issued July 29 by the War Production Board.

The amendment supplements the former allocation which covered the first nine months of 1942, published in the INFORMATION LETTER for February 21, and covers the entire year. The raw sugar allocated for the last three months of the year is substantially at the same rate as the allocation for the first nine months.

In addition, the new order brings domestic cane, grown in Louisiana and Florida, into the allocation program, and it also requires specific authorization from WPB to receive Hawaiian sugar coming to the East Coast.

While domestic cane was not included in the former allocation, the amount of imported sugar allocated for the nine-month period took the domestic cane into account. Therefore, the new allocation does not mean a corresponding increase in the allocation for the remaining three months of 1942.

The allocation for the 12 months ending December 1, 1942, follows:

	Short ton	Ve
American Sugar Refining Co.	958.0	
J. Aron and Co., Inc.	31.0	
California & Hawaiian Sugar Refining Corporation:		
West Coast	360.0	
East Coast	130.0	
Colonial Sugars, Inc.	120.0	
Godehaus Sugars, Inc.	150.0	
Henderson Sugar Refinery, Inc.	70.0	
Imperial Sugar Company	115.0	
Inland Sugar Company	9.0	
Liquid Sugars, Inc.	10.0	
W. J. McCahan Sugar Refining and Molasses Company	160.0	
National Sugar Refining Company	70.0	
Pepsi-Cola Company	10.0	
Realty Operators, Inc.	10.0	
Refined Syrups & Sugars, Inc.	10.0	
Revere Sugar Refinery	10.0	
Savannah Sugar Refining Corporation	160.0	
South Coast Sugar Corporation	10.0	
Sterling Sugars, Inc.	17.0	
Sucrest Corporation & Affiliates	10.0	
Ten Garden Products Company	10.0	
Western Sugar Refinery:		
West Coast	95.0	
East Coast	61.0	

### OPA Corrects Conversion Table in Sugar For

Recently the Sugar Branch of the Office of Price Administration issued an optional form for canners to use in making the periodical reports of sugar usage required by Rationing Order No. 3. This suggested form was published in the INFORMATION LETTER for July 18, on page 7106. On July 25 the Sugar Branch sent out a letter to canners to whom the suggested form had been mailed stating that "due to a clerical error some of the conversion factors listed under the column entitled 24/2's were incorrect" and enclosed their corrected version of the conversion table. The new conversion tables, which are to supplant those originally issued by OPA, are as follows:

Can size	No. to case	Dimensions	CONVERSION TABLES		Conversion factor 24/2's	Conversion factor 24/3/4's
			Vegetables	Fruits		
5-gallon	2	9-3/8x9-3/8x13-3/4"	....	1.01	1.01	1.01
5-gallon	1	9-3/8x9-3/8x13-3/4"	....	.95	.95	.95
No. 10	6	60x700	1.33	.92	.92	.92
No. 2 1/2	24	40x1411	1.45	1.00	1.00	1.00
No. 2	24	307x409	1.00	.69	.69	.69
No. 1-Tall	48	301x411	1.63	1.12	1.12	1.12
No. 1 Picnic	48	211x400	1.06	.73	.73	.73
No. 211 Cylinder	48	211x414	1.32	.91	.91	.91
No. 3 Cylinder	12	40x700	1.26	.87	.87	.87
No. 1 Square	24	300x308x308	....	.58	.58	.58
No. 2 1/2 Square	24	300x308x604	....	1.09	1.09	1.09
82 Tall	72	211x304	1.27	.87	.87	.87
82 Short	72	211x300	1.16	.80	.80	.80
62	100	202x308	1.23	.86	.86	.86
No. 303	48	303x406	1.64	1.13	1.13	1.13
No. 300	48	300x407	1.48	1.02	1.02	1.02
No. 303 Cylinder	24	303x509	1.060	....	....	....
No. 2 Cylinder	24	307x512	1.284	....	....	....

### Heart Attack Fatal to W. H. Blaylock

Funeral services were held July 27 for W. H. Blaylock of the Good Canning Corporation, Fort Smith, Ark., who died suddenly from heart attack, July 24, at Russellville. Blaylock was a director of the Ozark Canners Association.

**PASSING OF W. SCOTT SILVER****Veteran Corn Canner Dies in Hospital Following Illness of Two Weeks**

Former Director and member of the Administrative Council of the National Canners Association, and once vice president of the Pennsylvania Canners Association, W. Scott Silver, 70, was buried in Harford County, Md., near his birthplace, on July 20. Mr. Silver had been ill for two weeks and death occurred July 17 in a hospital at Bel Air, Md., following a kidney operation.

He was born near Havre de Grace in 1871, where he attended high school, after having completed grade school at Lapidum. Later he attended the University of Maryland. In 1902 Mr. Silver entered the corn canning business and in 1934 became a mushroom grower. Although a resident of Maryland he conducted his business in Nottingham, Pa., and it was in 1927 that he served as vice president of the Pennsylvania Association. He was a Director in N. C. A. from 1934 to 1936 and a member of the Administrative Council in 1937 and 1938. After he had become less active in business, he retired to his home near Oxford, Pa.

Mr. Silver was active in the Masonic Lodge and an elder of the Presbyterian church. Survivors are his widow, Mrs. Florence Small Silver, and a brother, Charles B., of Havre de Grace.

**Death of S. Phillips Landreth, Seedsman**

Symington Phillips Landreth, vice president and treasurer of D. Landreth Seed Company, died at his home in Bristol, Pa., July 16 at the age of 70. Long a specialist in canners' seeds, Mr. Landreth was well-known in the industry and a diamond member of the Old Guard Society. He was a son of Captain Burnet Landreth, who died in 1928 after a distinguished career in the seed business, and was a fourth generation representative of his family, which had maintained the business since 1784, making it the oldest seed house in America. Although he had been in poor health for several years, Mr. Landreth attended his office until nine days before his death.

**Thousands of Items Placed Under Price Rules**

Price ceilings will be extended to several thousand additional consumer commodities through the issuance by the Office of Price Administration on July 30 of Maximum Price Regulation No. 188—Manufacturer's Maximum Prices for Specified Building Materials and Consumers' Goods other Than Apparel. New pricing methods are detailed in the order, which becomes effective August 1.

Products affected are commodities in the following general groups of goods: Mechanical building materials and equipment; plumbing fixtures, valves and fitting; commercial refrigeration and summer air-conditioning; miscellaneous building equipment, masonry and construction materials; insulating board, roofing materials and glass; bedding; door coverings; furniture; hardware, tools and appliances; commercial kitchen equipment; marine hardware, boats, boat supplies, accessories and equipment; personal and household accessories, housewares and notions.

**Walsh-Healey Exemption Orders Are Applicable To All Existing Federal Government Contracts**

On May 14, 1942, the Secretary of Labor issued a general exemption from the provisions of the Walsh-Healey Act covering a number of canned fruits and vegetables. (See INFORMATION LETTER NO. 885, May 30, 1942, page 7020.) On July 9, 1942, the Secretary of Labor extended the general exemption to nine additional canned fruits and vegetables. (See INFORMATION LETTER NO. 891, July 11, 1942, page 7088.) These orders applied to all sales of canned fruits and vegetables to the Government, whether "spot" or "future" sales.

Prior to May 14, 1942, the general exemption from the Walsh-Healey Act granted by the Secretary applied only to "future" sales and not to "spot" sales. Thus, employees engaged in labeling and shipping "spot" goods sold prior to May 14, 1942, were prohibited from working more than 40 hours in any one week. Many canners still have substantial stocks of spot goods on hand, which were sold to the Government prior to May 14, 1942, and which await shipping instructions. If the canners are required to ship those goods during the height of the packing season, it would be necessary to limit the working hours of any employee labeling or shipping those goods to 40 hours during that particular work week. In view of the current difficulty of securing competent labor, due to war-time conditions, a segregation of employees for this purpose would raise a difficult operating problem during the height of the season.

Counsel for the Association outlined the difficulties presented by this situation and requested the Wage and Hour Division to extend the general exemption order to all "spot" goods sold prior to May 14, 1942, which are in canners' hands awaiting shipping instructions from the Government.

On July 28, 1942, the Secretary of Labor issued an order amending the general exemption orders of May 14, 1942, and July 9, 1942, to provide that the general exemption shall apply to all existing contracts as well as to contracts negotiated or awarded after the effective date of the general exemption orders. Thus canners who pack the fruits and vegetables which are listed in the general exemption orders may label and ship their stocks of the 1941 pack without complying with the provisions of the Act.

**Peanuts, Peanut Butter Exempted from GMPR**

Price Administrator Leon Henderson has officially exempted all cleaned and raw shelled peanuts—except the small remaining portion of the 1941 crop—as well as sales or deliveries of salted peanuts and peanut butter from provisions of the General Maximum Price Regulation.

This action, taken in Amendment No. 16 to the General Maximum Price Regulation, became effective July 29, 1942, and fulfills the promise made by the Administrator July 9 that "effective with the opening of the 1942 crop marketing period, peanuts and peanut butter will be removed from the General Maximum Price Regulation or appropriate adjustments will be made."

**PRESERVE AND JELLY CEILING FORMULA****OPA Cites Procedure For Determination of Maximum Prices at Manufacturers' Level**

Price Administrator Leon Henderson on July 30 announced the formula by which ceiling prices for pure preserves, jams and jellies from the 1942 pack will be increased at the manufacturer level only, in a regulation to be issued shortly.

This increase in ceiling prices ultimately will be passed on to the consumer at a later date by means of compensatory adjustments in wholesale and retail distributor maximums. Eventually it probably will lift the cost of the approximate \$25,000,000 worth of these products purchased annually by the American housewife by about 15 per cent from present March, 1942, ceilings.

Until issuance of the new OPA regulation, pure preserves, jams and jellies will continue to be covered at all levels of distribution by the March, 1942, ceilings of the General Maximum Price Regulation.

Manufacturers are directed to determine their new price ceilings for pure preserves, jams and jellies by means of the following procedure:

(1) Determine the weighted average price per dozen or other unit charged on sales of each kind, flavor and container type and size of preserves, jams and jellies during the applicable base period of 1941. This base period differs seasonally with the requirements of each fruit or berry.

(2) Add to this price 1.4 cents per pound of preserve, jam or jelly to cover increases in costs, other than fruit.

(3) Add to this the difference per dozen or other unit between the weighted average cost, adjusted for six months storage, delivered at manufacturing plant, of the 1941 pack fruit, purchased or contracted for during or prior to the 1941 base period and the similar calculations made for the 1942 base period.

There are two conditions in this formula, however. If the commodity is packed from fresh fruit, rather than frozen or canned, the same formula applies except that raw material increases are limited to the difference between the national average price last season published by the Department of Agriculture and the highest applicable price under Section 3 of the Emergency Price Control Act of 1942.

However, in the case of berries, the maximum raw material increase shall be three cents per pound.

Base periods referred to in the formula shall be: (A) June and July for strawberry, raspberry, cherry, black raspberry, apricot, pineapple and currant; (B) August and September for blackberry, plum, peach, loganberry, youngberry, boysenberry and tomato; (C) October and November for quince, crabapple, grape, apple and boiled cider.

This formula should be applicable on all shipments of pure preserves, jams and jellies from the manufacturer's plant on Group A on or after August 1; on Group B on or after September 1 and on Group C on or after October 1.

The formula shall apply to all flavors of pure preserves, jams or jellies, whether packed from fresh, cold packed or canned fruit or fruit juices. Minor revisions may be included in the regulation when it is issued.

**California Warehouses Granted Higher Rates**

Fifty-five storage and warehouse establishments in California were authorized by the Office of Price Administration July 30 to increase maximum charges for specified services to levels recently approved by the California Railroad Commission.

The Commission's action was based on petitions and hearings held prior to March, base pricing period under the General Maximum Price Regulation, and on studies of operating costs.

**MEAT PRICE ORDER IS AMENDED****Delivery Provision Altered and Regulation No. 156 Ration C Components Deferred**

To facilitate Army purchases of certain canned meats and frozen boneless beef, the Office of Price Administration issued Amendment No. 1 to Maximum Price Regulation No. 156, relaxing the delivery provision of the order.

The amendment, which became effective July 24, also defers until January 1, 1943, the application of the regulation to war procurement sales of certain canned beef items, including rations 1, 2, and 3, the meat components of Army Field Ration C.

The original regulation set delivered prices for such meat products to the armed forces in six zones. However, sometimes the Army will call for delivery at a certain point in the specifications request and later ask for actual delivery at another point.

Under the regulation, before it was amended, delivery at the new point could not be made by the seller at higher than the ceiling price at that particular place. This requirement penalized sellers who bid for Army business at less than the ceiling price at one point by forcing them to make a much more expensive delivery at another place without additional compensation.

This will be rectified by the new amendment, which permits the buyer—in this case the Army—to assume the difference in transportation costs when it diverts the shipment from the originally agreed point.

Rations 1, 2 and 3—the meat components of Army Field Ration C—have been removed from provisions of Regulation No. 156 until January 1, 1943, for the sake of uniformity because other components of the ration previously had been removed from the General Maximum Price Regulation through Amendment 2 to Supplementary Regulation No. 1.

The same treatment is accorded the following items: Meat and vegetable stew (30-oz. cans); meat and vegetable hash (6-lb. 12-oz. cans); chili con carne (6-lb. 6-oz. cans); corned beef hash (5½-lb. cans). The first three items are substantially the same as Rations 1, 2 and 3, respectively, except as to the size of the containers. The last item, corned beef hash, is so closely related to the other items as to require similar treatment. Text of the amendment follows:

**Section 1378.52 Maximum prices for certain beef and bacon products.**

(c) In the event that a purchaser of frozen boneless beef takes delivery at a point other than the delivery point specified in the original contract and the transportation and handling charges incurred by the seller in delivering at such new point

livery point exceed the transportation and icing charges which the seller would have incurred had delivery been made to the place specified in the contract, the purchaser may pay to the seller the amount of such excess, even though such additional payment causes the total amount received by the seller to exceed the maximum price established by paragraph (a) of this section. Purchasers may also pay to sellers any such additional transportation and icing charges incurred by the sellers prior to July 24, 1942, and on or after July 1, 1942, in delivering product at points other than those specified in the contracts covering such product.

**Section 1378.60 Effective date.**

Maximum Price Regulation No. 156 (1378.51 to 1378.60, inclusive) shall become effective June 2, 1942, except that, prior to January 1, 1943, it shall not apply to sales or deliveries of the following canned products: Corned Beef Hash (5½ pound can), Meat and Vegetable Stew (30 oz. can), Meat and Vegetable Hash (6 lb. 12 oz. can), Chili Con Carne (6 lb. 6 oz. can), Rations 1, 2 and 3 (12 oz. cans).

**1378.60a. Effective dates of amendments.**

Amendment No. 1 (1378.52 (c) and 1378.60) to Maximum Price Regulation No. 156 shall become effective July 24, 1942.

**FRUIT PRICE ORDER STATEMENT**

**Administrators of Order No. 185 Set Forth Reasons Supporting Fruit Price Regulation**

Pursuant to the requirements of the Emergency Price Control Act, Price Administrator Henderson issued a Statement of the Considerations underlying Maximum Price Regulation No. 185, covering canned fruits and canned berries, which became effective on July 29, 1942, and the text of which was published in last week's INFORMATION LETTER. This statement, which is one of the most elaborate thus far issued to support a price schedule for a single group of commodities, sets forth the economic bases upon which the Administrator acted in establishing revised price ceilings for these products. It will be observed that the bulk of this statement is devoted to discussion of the effect of increased prices for raw materials and to the factor of increased labor costs. The use of the Agricultural Marketing Administration support price for R. S. P. cherries as a supplementary ceiling likewise is explained. Since the discussion in this statement will undoubtedly be reflected in future interpretations of the maximum price regulation for canned fruits and berries, it warrants careful reading.

Text of the Statement of Considerations involved in the issuance of Maximum Price Regulation No. 185: Canned Fruits and Canned Berries, follows.

**CANNER'S PRICES FOR CANNED FRUITS AND CANNED BERRIES**

The accompanying Maximum Price Regulation No. 185 establishing maximum f.o.b. factory prices for canned fruits and canned berries is issued pursuant to the authority vested in the Price Administrator of the Office of Price Administration by the Emergency Price Control Act of 1942, approved January 30, 1942. This Regulation, insofar as it applies to canners of canned fruits and canned berries, supersedes the General Maximum Price Regulation issued by the Price Administrator on April 28, 1942. The accompanying Maximum Price Regulation No. 185 is issued by the Price Administrator to establish maximum canner's prices for canned fruits and canned berries at a level which will tend to secure adequate production of these commodities.

**1. Effect of the General Maximum Price Regulation on the fruit and berry canning industry.**

The General Maximum Price Regulation, issued April 28, 1942, established as the maximum price for canned fruits and canned berries for each canner, his highest selling price during March, 1942.

With few exceptions, fruits and berries are harvested and canned once a year during a comparatively short season. Most canners sell all or the greater part of their pack of canned fruits and canned berries within a period of about three months after the beginning of the pack. As a result, the number of sales of canned fruits and canned berries by canners in March, 1942, was not great enough to permit the ready determination of maximum prices for the majority of the canners in the various canning areas, for the numerous kinds, grades and container sizes of canned fruits and canned berries.

Moreover, all available data indicates that generally the sales of canned fruits and canned berries in March, 1942, were based substantially on the actual costs incurred in the 1941 pack. Although speculative increases had taken place in prices generally by March, 1942, canned fruits and canned berries at canner's level had advanced only an average of six per cent from the time of the opening sales in 1941.

Therefore, maximum prices for canners, as determined under the General Maximum Price Regulation, are prices generally based on the cost of labor, processing and raw materials during the 1941 pack and fail to reflect increases in cost to the canners in the 1942 season.

**2. Factors necessitating increases in the maximum prices of canned fruits and canned berries for the 1942 pack.**

Within the next few months the canning season for fruits and berries will be at its height. In order to insure an adequate production of canned fruits and canned berries for the use of the armed forces of the United States, for Lend-lease purposes and for domestic civilian consumption, it is necessary that the canners produce the greatest possible quantities of these commodities.

The canners, commencing operations again after the lapse of almost a year since the end of their 1941 pack, are confronted with a full year's increase in labor costs and the costs of processing. In many instances they must rely on less experienced, less efficient labor at higher rates. In addition, the cost of the raw fruits and berries has advanced substantially, since the grower has been obliged to incur substantially higher costs for harvesting, being obliged in many instances to compete with defense industries for labor. Under these conditions, it has become apparent that the canners of fruits and berries are unable to pay the increased costs of labor and processing and the increased cost of the raw fruits and berries and sell their 1942 products at the prices prevailing in March, 1942, which were based generally on the costs of their 1941 pack. Maximum prices for these commodities, to insure maximum production in the absence of other relief, must give recognition to these increases.

In addition to the factors already mentioned, one further factor requires recognition in establishing maximum prices for canned fruits and canned berries. The General Maximum Price Regulation established maximum prices for the 1941 pack of canned fruits and canned berries which were being sold at the time that the Regulation took effect. That Regulation did not affect the prices paid by the canners to the growers of the fruits and berries since those prices had been established many months before the issuance of the General Maximum Price Regulation. However, any maximum prices on the 1942 pack of canned fruits and canned berries must be such that they will reflect to the

growers of the fruits and berries, prices equal to the highest of the four price tests set forth in Section 3(a) of the Emergency Price Control Act of 1942. The prices paid to the growers of the fruits and berries in 1941 were generally substantially lower than the prices required by that Section. In establishing maximum prices for the 1942 pack of canned fruits and canned berries, the prices must be established at levels which will permit the prices of the raw fruits and berries to advance sufficiently to meet the price requirements set forth in Section 3(a) of the Emergency Price Control Act of 1942.

Because of the necessity of giving recognition to the increased costs of labor and processing, the increased cost of raw fruits and berries, and the requirements of Section 3 of the Emergency Price Control Act of 1942, the Price Administrator was confronted with the problem of obtaining relief in some form for the canners of fruits and berries or, in the alternative, to permit increases in the maximum prices of such canners. The obvious relief which could be offered to the canners was a program of payments to the canners or to the growers of fruits and berries, or both, to absorb the necessary increase in cost and to return to the growers prices sufficiently high to meet the requirements of Section 3, while still maintaining the prices of canned fruits and canned berries at existing levels. No funds were available to the Price Administrator for such a program. Therefore, the best available alternative is to establish maximum prices of canned fruits and canned berries at higher levels than those which were based on the costs of the 1941 pack.

*3. Prices established by Maximum Price Regulation No. 185 are generally fair and equitable to canners.*

Various methods of establishing maximum prices are set forth in Maximum Price Regulation No. 185. The first method to be used is a formula pursuant to which it is anticipated that the great majority of canners of fruits and berries will establish their maximum prices. Briefly, the formula starts with the base prices charged during the period of 60 days after the beginning of the 1941 pack. It permits the addition of 10 per cent of that price to cover increased costs other than raw materials. It then permits actual increases in the cost of raw materials to be added, up to an amount sufficient to reflect to the growers, prices which meet the tests imposed by Section 3(a) of the Emergency Price Control Act of 1942. The 1941 base period price, plus the 10 per cent increase for labor and production costs, plus the increased cost of the fruit or berries, becomes the canner's maximum price. If a canner cannot determine his maximum price for a particular grade or container size of canned fruits or canned berries by that method, he may then use his normal differential for that grade and container size and a grade and container size for which he has been able to determine a maximum price. If for some reason the canner is still unable to determine his maximum price, he may use the maximum price of his most closely competitive canner for the same kind, grade and container size of canned fruits or canned berries. If the canner is still unable to establish his maximum price for any particular kind, grade and container size of canned fruits or canned berries, he may apply to the Office of Price Administration for specific authorization of a price.

*(a) Justification for the use of the weighted average price during the first 60 days after the beginning of the 1941 pack.*—The vast majority of canners sold the bulk of their 1941 pack in an open and competitive market resulting in a generally fair and equitable price position between canners. During the first 60 days after the beginning of the pack, costs of production were generally well known by the canners and the prices during that period reflected fair and equitable

margins of profit to the industry as a whole. With a program of maximum production desired in 1942, in the judgment of the Price Administrator it is generally fair and equitable to use a base price of 1941 and to give recognition to the increases in cost which have occurred since that period. The base price which was generally fair and equitable in relationship to 1941 costs, increased by amounts to fairly compensate for increased costs in 1942, will result in maximum prices generally fair and equitable in relationship to 1942 costs. The base period of 60 days after the beginning of the 1941 pack is a period when costs were known and prices were adjusted in relation to the known costs. Limiting the base period to 60 days prevents the use of base prices which increased somewhat as prices generally increased, without relationship to 1941 costs. Representatives of the fruit and berry canning industry were generally agreed that the base period selected was fair and equitable to the industry.

*(b) Increases in costs other than the cost of raw fruits and berries.*—After lengthy consultation with representatives of the canning industry and careful analysis of the difference between production costs in 1941 and in 1942, the Price Administrator has determined that the maximum prices for canned fruits and canned berries should include an allowance for increases other than the increased cost of raw fruits and berries, in order to obtain adequate production by insuring equitable returns to the canners from the sale of canned fruits and canned berries. Table I, which is attached hereto, shows the increases in cost to the canner, excluding raw product increases, for the year 1942 over 1941. These figures are averages which were obtained from figures submitted by representative canners, cost studies and consultation with the industry. Each canner is permitted to add 10 per cent of his weighted average price during the 1941 base period, to compensate him for the increase in costs other than the increased cost of raw fruits and berries. In establishing maximum prices for canned vegetables, canners were permitted to add eight per cent to a similar base period price to compensate for increased costs other than the increased cost of raw materials. The difference between 10 per cent allowed to the canners of fruits and berries and the eight per cent allowed to the canners of vegetables is largely due to the fact that one of the largest increases in cost is the increased cost of labor. Fruits and berries generally require more handling than vegetables and the cost of labor amounts to a larger portion of the total cost of canned fruits and canned berries than it does in the case of canned vegetables. The 10 per cent allowed to be added to the weighted average price f.o.b. factory in 1941 allows the canner a reasonable amount to compensate him for such increased costs. It enables the canner to proceed upon full production of canned fruits and canned berries.

Table I shows the items considered in arriving at the 10 per cent figure and the increases allowed for such items in arriving at that figure.

*(c) Increases in the cost of raw fruits and berries in 1942 over 1941.*—Two factors enter into the increases allowed to the canners for increased cost of raw fruits and berries. Growers of raw fruits and berries have been obliged to pay higher prices for spraying, pruning, cultivating and harvesting their crops. They have been competing in many areas with defense plants for labor. Increased labor costs have been particularly felt in the case of berries, since the cost of picking is a large element in the cost of berries. In addition, the maximum prices established by the Price Administrator for canned fruits and canned berries must be sufficiently high to reflect to the growers the highest level of prices set forth in Section 3(a) of the Emergency Price Control Act of 1942.

In the case of fruits, recognition of the Section 3(a) requirements necessitated that substantial increases be permitted to the grower. Each canner paying such increases must be permitted to add them into his maximum prices. In most cases, such increases amounted to approximately 50 per cent. For example, in order to increase from the 1941-1942 season's average prices to the highest of the Section 3(a) standards, apricots must be permitted to rise from \$44.69 to \$66.89 per ton, or approximately 50 per cent; sour cherries from \$101.24 to \$150.30 and sweet cherries from \$114.04 to \$169.78 per ton, or approximately 50 per cent in each instance. Figs must be permitted to advance from \$60.50 to \$93.79 and freestone peaches from \$26 to \$40.80 per ton, or more than 50 per cent in each case. Pears must be permitted to increase from \$41.43 to \$55.95 and fresh prunes from \$25.46 to \$38.28 per ton, or respective increases of approximately 33 per cent and 50 per cent. Plums must be permitted to advance from \$38 to \$39.30 per ton, since the 1941-1942 prices for plums had almost reached the highest standard set by Section 3(a).

Clingstone peaches presented the only exception to the rule that all of the fruits affected by the accompanying Regulation must be permitted to increase in price to meet the tests of Section 3(a). The national average price for clingstone peaches for canning in the 1941-1942 season was \$45 per ton, while the highest price required under Section 3(a) (1919-1929 average), was \$47.45 per ton. However, the Price Administrator received a letter from the Department of Agriculture, dated June 20, 1942, which letter stated as follows:

"It is believed, however, that in the case of clingstone peaches used for canning, producer prices specified in Section 3(a) are below the normal relationship with the grower prices of other canning fruits, and that the normal relationship should be retained. For this reason, ceiling prices on canned clingstone peaches should be set at a level which will permit canners to pay growers at least \$55 a ton instead of the minimum price established under Section 3(a)."

The Price Administrator has given recognition and effect to this recommendation of the Department of Agriculture, by permitting the maximum price of canned clingstone peaches to reflect an increase of \$7 per ton in the cost of the raw fruit.

In the case of cherries, the accompanying Regulation gives recognition to support prices announced by the Agricultural Marketing Administration. On July 3, 1942, the Agricultural Marketing Administration, by official release, offered to buy, after March 1, 1943, canned red sour pitted cherries at \$1.50 per dozen No. 2 cans, water pack, United States Grade C (Standard) or better and the same grade in No. 10 cans at \$7.50 per dozen, less, in both cases, five per cent normally allowed for brokerage and cash discount. These prices are offered to canners who have paid at least five cents per pound to the growers for the United States No. 1 grade cherries, delivered at the canning plant. The accompanying Regulation permits any canner of red sour pitted cherries to use such prices as his maximum prices for the sizes and grades mentioned even though his maximum prices established under the Regulation are lower than such prices. These prices, as permitted by the accompanying Regulation, are gross prices which may be charged in usual trade channels, and after selling expenses such as brokerage are deducted, they are comparable to the prices less discount offered by the Agricultural Marketing Administration.

In the case of the berries affected by the accompanying Regulation, only cranberries had reached price levels in

excess of the requirements of Section 3(a). In the case of boysenberries and youngberries, no relevant data is available. The remaining berries required increases varying in amount in order to meet the price requirements of Section 3(a). It has been briefly pointed out above that berries present a rather unusual situation. The major portion of berries used for canning are produced and canned in the Northwestern area of the United States. Labor plays an important part in the cost of berries since the berries are small in size and picked by hand. The berry growers must compete with defense plants for labor and have consequently incurred substantial increases in the cost of picking and handling. Actual berry prices, for those berries already picked and sold by the growers, have increased over last year's prices. In order to insure production by giving recognition to the actual increase in the cost of raw berries, as recognition was given to other increased costs, the Price Administrator has permitted an increase in the price of berries, to the extent of three cents per pound, to be included in the maximum prices for canned berries. The amount of this increase was determined after consultation with canners and growers.

The Price Administrator, in the accompanying Regulation, has permitted the canners of fruits and berries to pay increased prices for the raw fruits and berries and to add such increases in computing their maximum prices. In the case of fruits, the increases permitted have been determined by the amount of the difference between the season average price for 1941-1942 and the price necessary to meet the requirements of Section 3(a), except in the case of clingstone peaches, as already pointed out. In each case the price has been adjusted to the nearest higher dollar. In the case of berries, recognition has been given to the increases required by Section 3(a) and to the actual increases which have already occurred and which are necessary to secure adequate production.

In the case of both fruits and berries, the increases are limited to the amounts actually paid. Canners may increase their prices to the growers to the extent permitted by the accompanying Regulation and add such increases into their maximum prices, if they pay such increases. If they do not pay the full increase permitted, they may add into their maximum prices only so much of the increase as they actually pay. Thus the canners are not permitted to add an increase allowed for the benefit of the growers without paying it to the growers.

One further limitation placed on the canners is that they are not to compute their increases in the cost of the raw fruits and berries until they have purchased at least 75 per cent of their requirements for the 1942 pack. The reason for this limitation is that it prevents the amount of the increase from being determined on the basis of a few early purchases in small quantities which may not fairly reflect the cost of the bulk of the purchasing. Fruits and berries are ordinarily purchased by the canners in a short period of time. The price established when purchasing is done in any substantial quantity is ordinarily the price for the entire crop, with only slight variation. In a short purchasing period, the price of at least 75 per cent of the crop will quite accurately indicate the price of the entire crop. It should be noted that any canner may, if he wishes, wait until he has completed his purchasing before computing the amount of the increase which he may use in establishing his maximum prices. It should also be noted that the increases permitted to be added under the accompanying Regulation place a limit only on the amount which may be used in establishing maximum prices and not on the amounts which a canner may pay a grower.

All of the figures mentioned above and used as the basis for establishing the amount of the increases in the cost of

## INFORMATION LETTER

raw fruits and berries which may be used in establishing maximum prices pursuant to the accompanying Regulation, are based upon the figures published by the United States Department of Agriculture, Bureau of Agricultural Economics, released June 29, 1942, under the title "Midmonth Local Market Price Report as of June 15, 1942" and containing certain information and figures under the title "Parity and Maximum Ceiling Prices for Agricultural Commodities."

Table II, attached hereto, shows the figures so published by the United States Department of Agriculture and used by the Price Administrator in determining the maximum permitted increases in the cost of raw fruits and berries which may be used by canners in establishing maximum prices pursuant to the provisions of the accompanying Regulation.

**4. Maximum Price Regulation No. 185 is consistent with Section 3(c) of the Emergency Price Control Act of 1942.**

Section 3(c) of the Emergency Price Control Act of 1942 provides as follows:

"No maximum price shall be established or maintained for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in subsection (a)."

The maximum prices established by the accompanying Regulation will reflect to producers of the raw agricultural commodities from which canned fruits and canned berries are processed, prices which are equal to or in excess of the highest of the standards set forth in Section 3(a) of the Emergency Price Control Act of 1942. The maximum prices established by the accompanying Regulation recognize all of the increases in the cost of raw fruits and berries necessary to bring the prices to the growers at least as high as the highest of the four standards in Section 3(a). Each canner, to the extent he pays an increase to the growers, is permitted to add such increase into his maximum price, within certain limits. These limits allow at least the full difference between the prices paid to the growers last year and the highest of the four prices specified in Section 3(a). The canner is prohibited from adding such increases only when he has failed to pay such increases to the growers. Section 3 is obviously intended to protect the growers, not to give the canners a windfall at the expense of the growers. The provisions of the accompanying Regulation are designed to effectuate that intention.

The pricing formula in the accompanying Regulation starts from a price base fair and equitable to canners. It grants them increases in their maximum prices to fairly compensate them for their increased costs other than raw fruits and berries, and grants them increases in their maximum prices sufficient to compensate them for increases in the prices of raw fruits and berries to the point at which such prices will at least equal the requirements of Section 3(a). Accordingly, the accompanying Regulation complies with Section 3(c) of the Emergency Price Control Act of 1942 and permits maximum prices consistent with the provisions of that Section.

*Conclusion*

Due consideration to the position of the canners of fruits and berries in 1941 and the increases in their costs of production and raw material in 1942, supports the conclusion that the maximum prices established by Maximum Price Regulation No. 185 are generally fair and equitable to can-

ners. The maximum prices permitted give recognition to increases since 1941 and permit increased prices based thereon. In order to insure distribution of canned fruits and canned berries through the usual distributive channels at wholesale and retail, the accompanying Regulation must necessarily be followed by a Regulation establishing maximum prices at wholesale and retail consistent with the maximum prices established for the canners.

TABLE I  
*Estimated Increases in Costs Other than Raw Materials  
Canned Fruits and Canned Berries*

Costs	Per cent of selling price	Per cent increase 1942 over 1941	Increase as per cent of selling price	
			17	25
Labor.....	17	25		4.25
Sugar.....	8	12		0.96
Other costs.....	38	13		4.94
				10.15

Estimated: Based on cost studies by OPA and information received during conferences with members of the industry.

TABLE II  
*Section 3 Prices for Canning and Maximum Permitted Increases for Raw Materials Under the Accompanying Regulation*

Commodity	1941-1942 average	Highest season under standard	Difference between 1941-1942	
			Section 3(a)	Maximum increase allowed to canners
Apricots, per ton.....	\$44.00	\$66.88	\$22.19	\$23.00
Cherries, sour, per ton.....	101.24	150.30	49.06	50.00
Cherries, sweet, per ton.....	114.04	169.78	55.74	56.00
Figs, per ton.....	60.50	93.70	33.20	34.00
Peaches, clingstone, per ton.....	48.00	47.45	.....	7.00
Peaches, freestone, per ton.....	26.00	40.80	14.80	15.00
Pears, per ton.....	41.43	55.95	14.52	15.00
Plums, per ton.....	38.00	39.30	1.30	2.00
Prunes, fresh, per ton.....	25.46	38.28	12.82	13.00
Blackberries, per lb.....	.051	.063	.012	.05
Blueberries, per lb.....	a	a	a	.05
Boysenberries, per lb.....	.058	a	a	.05
Cranberries, per lb.....	12.04	10.58	.....	b.05
Gooseberries, per lb.....	.051	.054	.003	.05
Huckleberries, per lb.....	a	a	a	.05
Loganberries, per lb.....	.055	.06	.005	.05
Raspberries, black, per lb.....	.093	.104	.011	.05
Raspberries, red, per lb.....	.107	.112	.005	.05
Strawberries, per crate.....	1.82	2.73	.91	c.05
Youngberries, per lb.....	.054	a	a	.05

a Not available. b per lb. c Based on 24 quart crate of 36 lbs. See page 7, Agricultural Statistics, 1941, published by United States Department of Agriculture.

**U. S. to Negotiate Trade Pact with Iran**

Formal notice of intention to negotiate a trade agreement with the Government of Iran was announced by the Department of State on July 29. The announcement was accompanied by a list of products which will come under consideration for the possible granting of concessions by the United States to Iran. Included in these products were caviar and other fish roe, dried or evaporated berries, dates, sausage casings, and spicess.

All presentations of information and views in writing, and applications for supplemental oral presentation of views with respect to the negotiation of the proposed agreement should be submitted to the chairman of the Committee for Reciprocity Information, Tariff Commission Building, Washington, D. C., by August 27. A public hearing will be held at that address on September 9.

### USDA To Use Radio in Labor Shortage Appeal

Officials of the Department of Agriculture have offered the following constructive suggestions as to a method, supplementary to all other activities, for obtaining adequate labor for tomato picking and canning in local areas where need exists.

1. The Department will request the Office of War Information for priority over local radio stations in cannning tomato areas so that when necessary, in any locality, special announcements may be made calling attention to the need for help for tomato canning or picking.

2. Suggested radio scripts will be prepared by the Department and sent to the war boards in cannning tomato areas for use as necessary. These scripts will carry messages to the effect that it is patriotic to work in a cannery, and that it is patriotic to help pick tomatoes for cannning.

3. The Department will depend on the National Canners Association to obtain from secretaries of State and regional canners associations, information as to when and where labor needed for cannning tomatoes is most certain to be short. This information is to be sent to the Department for review and transmission to war boards in areas where the labor shortages are anticipated. War boards will assume responsibility for following through in keeping with their established procedure, and will make the necessary arrangements for any special local radio announcement.

The National Canners Association is arranging with the State secretaries for the necessary cooperation to carry out the foregoing suggestions.

### Reorganization of Office of Operations

Organization of the Office of Operations and appointment of his principal aides was announced July 28 by Amory Houghton, Director General for Operations of the War Production Board. The new appointments are as follows:

C. H. Matthiessen, Jr., who has been Chief of the Bureau of Priorities, will be Assistant Director General for Operations.

Wade T. Childress, who has been WPB Regional Director in Kansas City, will be Deputy Director General for Field Operations.

A. I. Henderson, who has been Director of the Materials Division, will be Deputy Director General for Industry Operations.

J. A. Krug, who has been Chief of the Power Branch, will be Deputy Director for Priorities Control.

As a major feature of the reorganization, these top assistants will act as an operations control board to advise the Director General on over-all policy.

Under the immediate direction of Mr. Henderson will be all of the former industry and commodity branches of the Materials and Industry Operations Divisions. This will place responsibility for the supervision of all of the operating branches of WPB in one head, for the first time.

The existing industry and commodity branches will continue to be the principal operating units. Plans for regrouping them for administrative purposes are being developed.

The direction and administration of priorities becomes the responsibility of Mr. Krug. He will devise and administer

new, as well as existing, procedures for the distribution of materials in the war economy. He will be responsible for implementing and enforcing the programs and policies established by J. S. Knowlson, Vice Chairman of WPB, for the distribution of scarce materials to supply military, industrial and essential civilian demands.

Mr. Childress will supervise the regional and district offices and other field services, and will work with the deputies for Priorities Control and Industry Operations to carry forward the policy of decentralizing the administration of WPB operations announced some time ago by Chairman Donald M. Nelson.

Herbert S. Marks, Assistant General Counsel of WPB, has been appointed Acting Director of the Power Branch, to fill the vacancy caused by the appointment of Mr. Krug as Deputy Director General for Priorities Control.

### SHIPPING CASE CEILINGS IN EFFECT

#### OPA Regulation Establishes Maximum Prices at October 1-31, 1941 Levels

Maximum prices have been established and are effective July 30, for folding cartons, corrugated fiber boxes, solid fiber boxes, set-up boxes and other related and similar paper-board products. This is accomplished by Maximum Price Regulation No. 187, issued by the Office of Price Administration, which imposes on manufacturers of these products, maximum prices that reflect price levels existing from October 1 to October 31, 1941. Sales by distributors and retailers remain under the provisions of the General Maximum Price Regulation. Also covered by Regulation No. 187 are all manufacturers' services in connection with the manufacture of such products.

The regulation prescribes a formula in which four major factors are added to determine the maximum price. These factors are (a) raw materials costs, (b) conversion charges, (c) margin, and (d) charges for delivery.

The "raw materials cost" cannot exceed the maximum prices established by OPA for such raw materials. This "factor" is the delivered purchase price at which raw materials are acquired by a converting plant or the transfer price of an integrated mill to its converting plant.

Applicable conversion charges—the charges covering the normal operations used in producing the commodity or the service to be priced, the second factor which may be added in the prescribed formula—are charges for hand or machine operations in connection with fabrication, assembly, marking and packing of commodities in the same general class, all of which are defined in the regulation. In applying these charges the same hourly, piece and setting up rates and the same standards of production, as defined in the order, as were in effect during October, 1941, must be used.

The margin is computed on a percentage basis or "rate per unit of base material." The margin is the same used by the manufacturer in October, 1941, in determining his selling price f. o. b. shipping point for the same or similar commodity or service contracted to be sold at a definite price to a purchaser of the same class during the base period. Customary allowances, discounts and other price

differentials must remain the same unless a lower price results.

Manufacturers are required to continue to sell on a delivered price basis to such purchasers, zones or areas to which shipments were made on this basis during the base period. Thus, manufacturers who made delivery without charge in a free zone cannot now add delivery charges to purchasers in this area. For such charges as he now is allowed to add, the manufacturer cannot exceed the charges which prevailed for an identical shipment to the same purchaser or zone during the base period by the means of transportation customarily employed during such period.

### LUG BOX CEILINGS ESTABLISHED

#### OPA Rolls Back Prices to Levels Prevailing in October and November

Prices for western wooden agricultural containers—extensively used in the shipping and storing of fruits and vegetables—have been rolled back to levels prevailing in October and November, Price Administrator Leon Henderson announced July 27.

In most instances the ceiling prices, which are contained in Maximum Price Regulation No. 186, Western Wooden Agricultural Containers, are lower than those which prevailed last March, Mr. Henderson stated. The dollars and cents maximums become effective July 29, 1942.

"Approximately 90 per cent of these containers are manufactured from ponderosa pine, with the finished lumber used for their construction called 'shook.' In most instances, the shook is manufactured by mills located in the Western states and assembled into boxes at centers operated by distributors, mailing agencies, or the consumer," Mr. Henderson explained.

In accordance with this method of production, the regulation sets up tables for "shook" prices on the one hand and for assembly and extra charges on the other. The maximum price for any completed box is the result of the addition of assembly charges to shook prices. Payments for warehousing services and premiums for small losses are also provided.

All shook produced in the Western area, which is defined as California, Washington, Oregon, Idaho, Montana, Wyoming, Utah, Nevada, Arizona, New Mexico, and Colorado, are included in the scope of the regulation. In other words, the maximums apply to shook manufactured in California and shipped to Florida for assembly. However, the maximum prices do not apply for assembly, warehousing and less than carload delivery charges when these operations take place outside the Western area.

The Price Administrator explained that it was necessary to set specific maximum prices for these containers as the ceiling prices prevailing up to the present—the highest price the individual seller charged in March, as provided in the General Maximum Price Regulation—were inflationary. The dollars and cents maximums will allow producers approximately the same margin of profit which they obtained in the first nine months of 1941, he added.

The regulation follows the customary procedure of not disturbing well established and uniform trade practices. In

the southwest, or California area, the established "basing point system" of delivered prices is incorporated in the maximums, while a separate table of prices is provided for the northwest region (the states of Washington and Idaho and that portion of Oregon east of the Cascades) where producers have priced their products for delivery within their local trade zones. In addition, since it has been the general practice to sell outside the state of Washington upon an f. o. b. Spokane, Washington, basis, the maximum prices for such sales are f. o. b. Spokane.

### Summary of Recent AMA Purchases

During the period July 17 to July 31 the Purchase Branch of the Agricultural Marketing Administration announced the purchase of the following quantities of the enumerated canned products: Tomatoes (futures), 29,100 cases; tomato paste, 789,500 cases; tomato puree, 137,000 cases; peas, 10,000 cases; mackerel, 25,000 cases; salmon, 36,296 cases; sardines, 88,000 cases; pork products, 44,483,322 pounds; evaporated milk, 1,038,500 cases; chow chow, 36,000 cases; and mixed pickles, 48,000 cases.

### Louisiana Food and Drug Law Amended

The Louisiana State Food, Drugs, and Cosmetic Act was amended by the State Legislature on July 11, 1942. The amendments became effective July 29, 1942.

Representatives of the State Board of Health may now promptly condemn and destroy any vegetables, fruits, or sea foods which they find to be unsafe for human consumption. They may also affix a tag or stamp to any foods believed to be adulterated, misbranded, or unregistered, preventing their removal or destruction. Thereafter the Board may petition for a court order directing condemnation or sale.

The registration provisions of the Act have been amended to require the examination and approval of all labels and products before registration becomes effective. Further, the maximum investigation fee required for registration has been reduced from \$100 to \$10, and the fee for any one product has been reduced from \$5 to \$2.50.

### Bowman Assigned to WPB Field Work

With the appointment of A. E. Bowman, of Minneapolis, as director of War Production Board region 12, the naming of WPB field chiefs has been completed. Mr. Bowman, whose headquarters will be in Minneapolis, is leaving his post as chief of the Sugar Section, Food Branch, WPB, to supervise the operations of all WPB field offices in the States of Minnesota, North Dakota, and South Dakota.

Regional directors have been appointed in 12 industrial centers throughout the country to help business men and industrialists solve their problems on a local level; many WPB functions formerly performed in Washington have been transferred as operating units to the field. The 12 regional offices are now staffed with technicians and experts in such fields of WPB activities as priorities, conservation, inventory control, and others.

## CERTIFICATION FOR AMORTIZATION POLICY Will Be Recommended on Facilities for Canning of Items That Are Scarce

The policy governing certification of canning facilities for tax amortization purposes was recently clarified at a conference of government officials. Representatives of the War Department, the War Production Board, and the Department of Agriculture were present.

In the past the Government agencies which are called upon by the Tax Amortization Section of the War Department to make recommendations on necessity certificate applications have not been able to agree on the facilities which should be certified as necessary in the interest of the nation's wartime program, as provided in Section 124 of the Internal Revenue Code, and the purpose of the meeting was to reconcile the divergent views of the various agencies in order to expedite the clearance of pending necessity certificate applications. At the meeting it was generally agreed that in the future WPB and the Agriculture Department will exchange views and make the same recommendation, where possible, on necessity certificate applications referred to these agencies by the Tax Amortization Section. Reports and recommendations from the Quartermaster General's Office will be requested only with respect to those applications covering facilities to produce so-called "specialties" for the armed services and with respect to which WPB and USDA do not have complete information.

The officials of WPB and the Department reached a general agreement as to the position they will take on applications listing facilities for the production of the following items:

*Peas and Tomatoes*—Expansion of facilities already undertaken to increase packs of these items will be certified 100 per cent.

*Tomato Products*—These facilities will also be certified 100 per cent if the tomato products are made from fresh tomatoes. If not, certification is very doubtful.

*Corn*—Only in exceptional cases will such additional facilities be certified. Certification will be made if the facilities will relieve a "local bottleneck" or if they represent a reasonably small addition to round out an expansion program.

*Fruits*—Generally, except for certain East Coast localities such as Georgia, no additional facilities will be certified.

*Marmalade*—Certification will be made when the product is produced with a marmalade base, such as required for Lend-lease. Facilities to produce domestic marmalade will not be certified.

*Baked Beans*—Expansion preceding October 1, 1941, will be certified because it was officially encouraged, although there was probably no nation-wide shortage of such facilities. No facilities installed after October 1, 1941, will be certified.

*Irish Potatoes*—If the additional facilities are for Lend-lease production certification will be made.

*Type C Rations*—It was agreed that there is no shortage of Type C ration facilities in the country and that certification will generally not be made. However, discussion at the meeting indicated that the Quartermaster General's

Office should probably be called in to make a recommendation in the light of the needs of the armed forces for immediate delivery, etc.

*Corn Beef Hash*—No certification of facilities.

*Green Beans*—No final decision was reached on this and Agriculture and WPB will have to decide this on the facts of cases presented.

The officials in these various agencies have said that there may be some revision in their position on these facilities, but they are certain there will be no general change of policy.

No decision was reached at the meeting with respect to items not mentioned on the foregoing list, but the opinion was expressed that facilities for some of these items probably will be recommended for certification, the decision to be made as the applications are presented for report and recommendation. A further conference between officials of the Food Supply Branch of WPB, and the Department of Agriculture is planned to establish a unified policy on these other items. One of the most important decisions made at the meeting is that certification will be recommended on any facility which is used in the canning of an item or items with respect to which there is a shortage, even though the facility is used part of the time or during another season for the production of an item with respect to which there is no shortage.

### Dehydration Facilities

Subsequent to the meeting on July 21, 1942, officials in WPB, USDA, and the War Department agreed generally that they would recommend certification of expansions of dehydration facilities undertaken by taxpayers in furtherance of the wartime dehydration program.

Officials in Agriculture have stated that some of the expansion of dehydration facilities is being financed by the Government under agreements whereby companies will operate the facilities on a rental basis with an option to purchase. These arrangements are similar to the leases of the Defense Plant Corporation with respect to which the Treasury Department has ruled that unless the agreement, by its terms, amounts to a conditional sale of the facilities by the Government, the taxpayer does not have an interest which can be amortized under a certificate of necessity for tax purposes. If, under such an arrangement, title to the facilities is to remain in the Government until the option to purchase is exercised, and the payments to the Government represent rentals and not purchase price installments, the rentals will constitute a deductible expense for tax purposes and the company will have no basis for amortization.

### Delivery Date Conflicts on Rated Orders

Provisions of Priorities Regulation No. 1 with respect to meeting delivery dates on rated orders were clarified by an interpretation issued recently by the Director General for Operations.

A recent amendment to the regulation provided that when there is a conflict between two orders bearing the same preference rating, the order placed first shall have preference to the extent necessary to assure delivery on the date specified. The new interpretation makes it clear that this rule holds even if the second order bears an earlier delivery date than the one which was placed first.

## WPB STUDIES INDUSTRY CONCENTRATION

### British Experience Being Surveyed; Policy of Selection of Nucleus Plants Is Stated

Following its approval of the principle of concentration of industry as a means of alleviating the strain placed on the civilian economy by the war effort, the War Production Board has sent two representatives to England, at the invitation of the British Government, to study concentration of industry as carried out in that country. Upon conclusion of two weeks of study these representatives will submit their findings to a WPB committee on concentration.

In approving the principle of concentration, WPB held that there is a strong *prima facie* case for concentrating production of civilian goods wherever one or more of the following conditions are found in a civilian industry.

1. Some or all firms in the industry are needed for war production and can be converted to such production.

2. Permitted civilian production is so restricted that economic operation of all firms in the industry is not possible.

3. A significant part of the production is continuing in areas where there are bottlenecks in labor, transport, power, or warehouse facilities.

It is the belief of WPB that one or more of these conditions applies to a very large part of civilian industry, and it was agreed that a study should be made at once of the effect upon industry of the curtailment and limitation orders thus far issued.

No hard-and-fast rules can be laid down, according to WPB, to govern selection of "nucleus" plants which will be allowed to continue operation at or near capacity, and the following criteria will guide WPB in such selections:

1. As a rule, though not invariably, small plants will be kept in civilian production, and large plants, which are usually better equipped to handle war contracts, will be required to suspend civilian production.

2. Civilian production should be suspended in areas where labor is urgently needed in war plants, and nucleus status should be given wherever possible to plants in areas where there is still a surplus of labor—as, for example, in New York City, and in many rural communities.

3. Nucleus firms should be selected so that cross-hauling is eliminated wherever possible and the drain on transportation facilities is reduced.

4. Production should be suspended or restricted in regions where the power supply is or is likely to become inadequate.

5. As a general rule, nucleus plants should not be located in areas where warehouse accommodations are short.

Concentration of civilian production raises many difficult problems, such as compensation to closed-down firms, maintenance of trade-marks, and rearrangement of distributive channels, all of great importance to the firms involved, but the Board considers them secondary, from the standpoint of war production, to the need for determining the degree of curtailment, concentrating production and converting non-nucleus firms to war work. In working out concentration plans the Board feels that the following principles should be applied:

1. Concentration plans should not foster post-war domination of an industry by one or a few companies. In other words, a plan which will make possible the re-entry of the largest number of firms into the industry after the war should

be given preference, so long as it is consistent with efficient prosecution of the war.

2. Wherever possible, concentration plans should be accompanied by standardization and simplification of the product.

3. Concentration programs should be drafted for limited periods—with one year, probably, as a maximum—and should be flexible enough so that they can be revised if circumstances change.

4. A concentration program for any industry should be coordinated with any program which the Office of Price Administration may work out for concentration of the distributive channels of that industry.

5. Where compensation is provided for firms closed down, it should be paid by the firms which continue operations and should be limited to the duration of the concentration program. This would presumably include either an agency scheme, under which nucleus firms produce at cost for closed-down firms which retain their sales organization, or a pooling scheme which concentrates both production and distribution in the nucleus firms.

The present concentration of industry plan was developed in Britain early in 1941, when, it is reported, Britain had reached a stage which the United States has now reached. Straight percentage cuts had been imposed on a long list of civilian industries, just as they now have been imposed here. The cuts resulted in savings of raw materials and speeded up conversion of industries to war production.

But the system of imposing straight percentage cuts in Britain proved wasteful and plans were revised. The schemes adopted ranged all the way from those in which the nucleus firms manufactured a victory model, such as the American victory model bicycle, to those in which the nucleus firms manufactured the brand products of the converted firms as well as their own brand products. The nucleus firms paid part of their profits to the non-nucleus firms.

The industries which had been concentrated up to April 1, 1942, were: Bedding, bicycles, shoes, braces, carpets, corsets, cutlery and razor blades, fountain pens, gloves, hosiery, jewelry, leather goods, linoleum, musical instruments, paper boxes, photography, pianos, pottery, sports goods, toilet preparations, toys, umbrellas, iron and steel, glazed tile, woodworking, jute, silk, wool, cotton and rayon, paper mills and fellmongery.

Furthermore, the British Government has redesigned all essential goods and has developed what are called "utility models". For example, 75 per cent of all clothing manufactured now is of utility design, and soon the percentage will be 100. Pots and pans, chocolates, biscuits, pencils, and hundreds of other products all have been redesigned in order to save additional raw materials and labor.

The following are a few examples of products which cannot be made in England even in small quotas after August 1: Jewelry, cutlery, spoons and forks, toys, leather luggage, all domestic glassware except basic utility-design items such as drinking glasses, anything made of metals except a few essentials such as utility-designed pots and pans, and all domestic furniture except nursery equipment.

The following are examples of utility-designed products which can be manufactured only under specific license: Floor covering, chinaware, pots, pans, kitchen hardware, all domestic electrical appliances, pianos, sports goods, office furniture, musical instruments, and fountain pens.

**TRUCKING RESTRICTIONS ON CANNERS****ODT General Order 17 Imposes Strict Operating, Mileage, and Speed Limitations**

Stringent operating, mileage, and speed restrictions have been imposed by the Office of Defense Transportation on cannery trucking operations. This was accomplished by the issuance, on July 23, 1942, of General Order 17, the provisions of which, with one exception, became operative on August 1, 1942. As was stated in the INFORMATION LETTER for July 25, 1942, page 7138, the new regulation supplants all former applicable orders. (See also INFORMATION LETTER No. 880, April 25, 1942, page 6974.)

**Scope of Order**

The regulation covers all motor carriers other than "common" carriers. It specifically includes "contract carriers . . . and private carriers by motor truck," and accordingly covers all types of trucks operated by cannerys.

Two types of transportation are governed by the regulation. The first is referred to as "over the road service" and embraces all operations

"except: (1) those within an area which includes any municipality or urban community and a zone extending twenty-five (25) air miles from the boundaries thereof; (2) those within and between contiguous municipalities or urban communities; (3) those not more than twenty-five (25) miles in length."

All of the excepted operations, however, are included within the second type of transportation service covered by the order. This is referred to as "local delivery service," and it embraces all types of transportation by private or contract carriers not included within "over the road service."

Although most of the provisions of the regulation apply with equal force to both types of transportation, one important section is limited to "over the road service."

**Regulations Pertaining Only to "Over the Road Service"**

Section 501.69 establishes the loading and operating requirements governing "over the road service." It is provided that only in certain instances may a motor truck carrying less than a capacity load be operated. Any truck which was loaded to capacity while operating over a "considerable portion" of its route, may complete its delivery and return, partially loaded or empty, to its point of origin, if due diligence is used in an effort to maintain a capacity load. Further, if a truck will be loaded to capacity while operating over a "considerable portion" of its route, and if an effort is made to maintain a capacity load at all times, it may travel empty or partially loaded to its destination to pick up its load.

After September 1, 1942, however, no truck shall be operated while empty unless efforts have been made to lease or rent it to other persons having property to transport. In endeavoring to lease or rent an empty truck, it must be registered, and inquiries must be made, at a Joint Information Office maintained by ODT. These offices will be established pursuant to General Order 13, which provides that they shall assist all carriers in complying with transportation regulations. Under General Order 13, a Joint Information Office is authorized to issue a "clearance statement" allowing a motor truck to operate with less than a capacity load

in the event no other carrier desires to utilize it for transporting property to, or towards, its destination. If, therefore, a good faith effort to rent or lease a motor truck through application to, and registration with, a Joint Information Office is unsuccessful, that office presumably will issue a "clearance statement" allowing it to proceed either empty or partially loaded.

A "clearance statement" does not, in all cases, however, appear to be necessary. It is provided that if no Information Office is situated at or near the point from which the truck is to depart, inquiries shall be made from other carriers situated nearby. Then if no lease can be made, the truck can apparently proceed.

Any lease or rental must be "consistent with any prior commitments involved in the use of said truck enroute." Further it is expressly provided that no motor carrier shall be required to perform any transportation service which it is not authorized by law to perform, or to render any service in excess of its transportation capacity.

A further restriction upon the use of motor vehicles in "over the road service" is that no truck shall be operated if its gross weight exceeds by more than 20 per cent its "rated load carrying ability." This is defined to be the weight which the tires mounted on its operating wheels are capable of carrying. The specific method for determining the capacity of each tire, and the "rated load carrying ability" of each truck, is set forth in the Regulation.

**Regulations Pertaining to "Over the Road" and to "Local Delivery Service"**

Other provisions of Order 17 apply to all types of operations. Under Section 501.66, cannerys must curtail the speed of their motor trucks to 40 miles per hour or less. They must also "conserve and properly maintain tires, motor trucks, and other transportation facilities."

Section 501.68 limits the number and types of deliveries which they make. That section prohibits special deliveries and call-backs. It also prevents, in the absence of the circumstances specified in that section, the making of more than one delivery to one point of destination in any one day. Those circumstances are fully set forth in INFORMATION LETTER No. 893, for July 25, 1942, on page 7138.

Under Section 501.67, all cannerys must reduce the total mileage of their motor trucks during any month by not less than 25 per cent of the total mileage travelled during the corresponding calendar month of 1941. The reduction must be exclusive of, and in addition to, any reduction resulting from the elimination of special deliveries, call-backs and duplicate deliveries. Any cannery operating more than one cannery must, in computing the required reduction, consider separately the trucks used in connection with each cannery.

Special provisions are made for unusual situations. If a carrier was not operating during the corresponding calendar month of 1941, it may compute its reduction upon the basis of the mileage travelled during May, 1942. If it cannot use that month as its base period, it must procure specific authorization from ODT. If any carrier increases or decreases the number of its trucks subsequent to its base period, it must adjust the total base period mileage in the manner set forth in the Regulation.

Some time ago the Association presented to ODT a statement of the transportation problems facing its members. Presumably the information supplied by the Association was in part the basis for the specific exemption which has been issued.

Under this exemption, General Permit 17-1 (quoted in INFORMATION LETTER No. 893, July 25, 1942, page 7138), cannerys need not, until October 31, 1942, comply with certain provisions of the Regulation with regard to any trucks used for the purpose of transporting raw commodities from farms to cannerys. The permit exempts all trucks used exclusively for that purpose from the 25 per cent mileage reduction and from the limit on the number of deliveries per day. It also removes the requirement that attempts be made to lease or rent such trucks. The permit expires October 31, 1942, however, and after that date the provisions will apply.

Of further assistance to cannerys in procuring raw materials is Section 501.70 (c) (2). That section exempts from the operation of the entire order all motor trucks "controlled and operated by any person or persons, principally engaged in farming when used in the transportation of agricultural commodities and products thereof, from a farm or farms."

All cannerys must comply with the provisions of Section 501.73, which require that they prepare and maintain records showing, for each calendar month, the mileage of each motor truck which they operate. This includes trucks used for purposes of transporting farm products to cannerys. Cannerys must also prepare and maintain such other records, and must make such reports as ODT may later require.

Under Section 501.71, ODT is authorized to issue special or general permits where specific needs or special circumstances justify that action. A petition to ODT will be necessary to invoke this section. Copies of the complete regulation are being prepared for public distribution.

#### WHOLESALE-RETAIL FRUIT FORMULA

(Continued from page 7139)

If the maximum price so obtained is computed to a fraction of a cent, any fraction less than one-half cent is to be adjusted to the nearest lower cent. Any fraction of one-half cent or more is to be adjusted to the nearest higher cent.

The retailer may compute his maximum for any kind, grade, brand and size upon receipt of his first delivery of such item after the effective date of the regulation.

The OPA technic will differ slightly in handling pricing of canned pineapple, which is an article, imported for the most part from United States' territories and from Cuba. Canned pineapple prices will be determined as follows:

(A) In pricing canned Hawaiian and Puerto Rican pineapple, the wholesaler starts with a February base price computed in the same manner as for other canned fruits. To this figure, the wholesaler adds the difference between the territorial canner's price in November, 1941, and the same canner's maximum price under GMPR. Both of these prices are f.o.b. canner's shipping point. The wholesaler must report the amount of that difference when selling to the retailer.

The retailer of canned Hawaiian and Puerto Rican pineapple starts with his maximum price for March, 1942, as a

base figure. To this, he adds one-twelfth of the increase between the two canner's prices mentioned above if he purchases directly from the canner. If the retailer buys from a wholesaler, he adds one-twelfth of the increase reported by the wholesaler.

Price computed in fractions are to be adjusted to an even per cent per can or container in the same manner as the adjustment is made for other canned fruits or canned berries.

(B) In pricing canned Cuban pineapple, the direct importer must take his highest November, 1941, selling price as a base figure. To that price he may add the difference between the highest cost to him in November, 1941, and the highest cost to him in March, 1942. Both costs must be computed ex-dock.

The wholesaler or retailer must maintain the same relationship between the different grades and sizes of canned Cuban pineapple and canned Hawaiian pineapple as existed in 1941, prior to December. If the wholesaler or retailer cannot determine that differential, he must use the maximum price of his most closely competitive seller as his ceiling for canned Cuban pineapple.

The regulation provides, however, that in no case shall the price of canned Cuban pineapple exceed the price for the same grade and size of canned Hawaiian pineapple. If the wholesaler or retailer has not established a maximum price for canned Hawaiian pineapple, he must sell canned Cuban pineapple at a price which shall not exceed his competitor's price for canned Hawaiian pineapple.

Canned Cuban pineapple has been treated differently than territorial pineapple because the Cuban canner is not subject to our price regulations. Therefore, the Cuban canner has no maximum ceiling comparable to the territorial canner's ceiling, which can be used in determining the amount of increase to be permitted.

In determining the amount of the increase to be permitted in canned Hawaiian pineapple, November, 1941, was chosen as the starting point because that was the last month prior to Pearl Harbor in which there was a normal movement of canned pineapple from our territories.

The new regulation further provides that within ten days after establishing his maximum prices for any kind, grade, brand and container size of canned fruits or canned berries, the wholesaler must advise the retailers to whom he sells, in writing, of his base price, his maximum under the regulation and the amount of the difference between those two designated as the "permitted increase." A copy of each such statement must be filed with the nearest OPA regional, State or field office.

Other usual OPA provisions are contained in the regulation. These include: permission to sell at less than maximum prices; maintenance of customary discounts and allowances; use of the same maximums by the purchaser of a business that would be used by the seller of the business; preservation by wholesalers and retailers for a period of two years of existing records used as a basis for determining the maximum prices and for keeping the same type of records that they usually kept in the past.

According to the OPA press release, the new regulation will cover the following canned fruits and berries, and their nectars and juice produced from them: Apricots, sour cherries, sweet cherries, figs, clingstone and freestone peaches and nectarines, pears, pineapples, plums, fresh prunes, blackberries, blueberries, boysenberries, cranberries, gooseberries, huckleberries, loganberries, black raspberries, red raspberries, strawberries, and youngberries.

Canned fruits not covered by this regulation, except citrus fruits and juices, remain under the March ceiling prices established under GMPR.